

BUDGET SUMMARY



Fiscal Year 2014/2015

H.4701 & H.4702

*General Appropriations Bill and
Capital Reserve Fund*

March 2014



As Proposed by the Ways and Means Committee

THE FOLLOWING CONSTITUTED SUMMARY IS PREPARED BY THE STAFF OF THE SOUTH CAROLINA HOUSE OF REPRESENTATIVES AND IS NOT THE EXPRESSION OF THE LEGISLATION'S SPONSOR(S) OR THE HOUSE OF REPRESENTATIVES. IT IS STRICTLY FOR THE INTERNAL USE AND BENEFIT OF MEMBERS OF THE HOUSE OF REPRESENTATIVES AND IS NOT TO BE CONSTRUED BY A COURT OF LAW AS AN EXPRESSION OF LEGISLATIVE INTENT.

Major Themes



- ** Improve South Carolina's K-12 education system.*
- ** Continue to invest in programs at the Department of Commerce and the Technical College System that have proven successful at growing our economy and have a significant return-on-investment.*
- ** Fund core functions of government, while living within our means.*
- ** No new or increased TAXES!*



Big Picture Dollars



Available Revenue:

- \$264 million recurring 1A dollars
 - \$68 million FY 13 surplus
 - \$123 million FY 14 BEA certified surplus
 - \$68 million Master Settlement Agreement
 - \$117 million Capital Reserve Fund
- Reserve Funds are fully funded and total nearly \$450 million. This represents a 'Rainy Day' fund of 7% of our General Fund revenue.



Total Budget



- * *BEA General Fund Revenue Forecast*
 - * *\$7.2 billion*
- * *The recurring General Fund proposed appropriation - \$6.6 billion*
 - * *Inclusive of nonrecurring appropriations, total state appropriations- \$6.9 billion*
 - * *Adjusting for the additional funding Ways and Means provided for the Deal Closing Fund, total state spending falls below the CPI + Population growth cap.*
- * *Federal Funds - \$7.9 billion*
- * *Other Funds - \$9 billion*
- * *Total Proposed Authorization - \$23.9 billion*

Statewide Items



◦* *Consumer Protection and Statewide Cyber Security Upgrades*

◦* *\$6.5 million to continue to provide CSID consumer ID protection services to those effected by the DOR breach.*

◦* *\$14.8 million to continue to implement the recommendations of Deloitte regarding increasing the state cyber security posture.*

◦* *Employee Pay Raise*

◦* *\$23 million to provide a 1.5% employee pay raise.*

◦* *Local Government Fund*

◦* *\$30 million nonrecurring to continue to fund the Local Government Fund at its current level, \$212 million.*

Statewide Item continued



† *Public Employee Health Insurance Plan*

- † *\$57 million required increase.*
 - † *This will fund the entire premium increase – no additional monthly premium cost for employees, but it does represent a minor increase in co-pay/co-insurance rates.*
 - † *The co-pay/co-insurance rates cannot increase more than 9%.*
 - † *\$40 million of this required increase is distributed to local school districts to cover 70% of their cost increase.*
- ## † *Reserve Funds (General and Capital) and Debt Service*
- † *Fully funded, \$450 million. This represents a 'Rainy Day' fund of 7% of our General Fund revenue.*



Budget Subcommittee Proposals



K-12 Education (Bingham)



- ◌* *Adopted an updated funding formula for EFA distribution. The new formula is based on recommendations of the EOC and place greater emphasis on poverty, gifted students, and students requiring specialized instruction.*
- ◌* *\$137 million – Added to the EFA for a Base Student Cost (BSC) of \$2,120/student (\$2,097/student, current level).*
- ◌* *\$30 million – Reading Coach initiative places a reading coach in every SC elementary school – schools with poor PASS test reading scores will have the position fully funded, and all others will receive 50% funding.*
- ◌* *\$4.5 million – Summer Reading camps.*

K-12 Education cont. (Bingham)



- ** \$30 million (Lottery) – Statewide technology improvements.*
 - ** Improve both internal and external connectivity at schools to insure all students have sufficient access.*
 - ** Funding will be distributed based on ADM and weighted based on poverty indices.*
- ** \$12 million – Digital instructional materials; with an additional \$4 million to train teachers on how to best leverage technology in the classroom.*
- ** \$17.7 million – New funding for charter schools, includes \$4 million for a capital needs revolving loan fund.*
- ** \$12 million – School bus lease/purchase.*

Higher Ed (Limehouse)



- ◌* *\$4 million - Higher Education Efficiency, Effectiveness, and Accountability Initiative*
 - ◌* *Funds will be used to hire an outside consultant to help identify ways we can operate our higher education system at both the state and institution level.*
 - ◌* *Similar efforts at places like UNC Chapel Hill and UC-Berkeley have identified tens of millions in possible savings.*
- ◌* *Fully funded scholarships.*
- ◌* *\$5.4 million – ReadySC*
- ◌* *\$3.5 million – Technical college pilot programs.*
 - ◌* *Dual enrollment pilot.*
 - ◌* *Enhanced award for critical needs areas.*
- ◌* *\$1.3 million – Aid to Libraries (maintains \$1.25/capita)*
- ◌* *\$1 million – Medal of Honor Museum*

Health Care (M. Smith)



- ** Conformed the Medicaid budget to that proposed in the Executive Budget
 - ** \$130 million – Medicaid maintenance of effort*
 - ** Continued to fund the Healthy Outcomes Initiative to build out a true health care safety net.**
- ** \$13.3 million – reduce the DDSN waiting list.*
- ** \$10.5 million – Dept of Mental Health budget restoration.*
- ** \$1.6 million – Dept of Social Services to increase payments under the Family Foster Care program.*
- ** \$2 million – one time payment to the Pinewood Hazardous Waste Disposal Site*

Econ. Development (Simrill)



- ◌* \$2 million – Seven new fire fighting units at Forestry.
- ◌* \$3 million – Rural Infrastructure Authority for grant awards.
- ◌* \$2.8 million – Metrology Lab site prep and construction.
- ◌* Multiple programs/initiatives at the Dept of Commerce to allow them to build on recent success:
 - ◌* \$6 million – Locate SC Site Prep
 - ◌* \$4 million – Research programs (SmartState)
 - ◌* \$37 million – Deal Closing Fund
- ◌* \$14 million – COTS tax processing system at the DOR.
- ◌* \$3.5 million – IT security upgrades at the DOR.

Law Enforcement (Pitts)



- ◌* \$2.2 million – *New agents/investigators at SLED.*
- ◌* \$1.2 million – *Violent crime prosecution at the Prosecution Coordination Commission.*
- ◌* \$447,300 – *New Troopers at DPS.*
- ◌* \$2 million – *Vehicle replacement cycle for state troopers.*
- ◌* \$2.6 million – *Capital projects at the Dept of Corrections.*
- ◌* \$471,632 – *New DNR law enforcement officers.*
- ◌* \$2.7 million – *License term conversion.*
- ◌* \$1.1 million – *Waddell Center capital needs.*

Trans/Reg (R. Smith)



- * *\$23.7 million – ‘Road Buy Back’ Program*
 - * *Eliminates the requirement that County Transportation Committee have to spend 25% of their C-Fund allocation on state roads, and instead uses those funds as revenue available to locals who wish to assume control/responsibility of small state road segments in their jurisdiction.*
- * *\$888,000 – Two Rapid Response Emergency Vehicles at DMV.*
- * *\$480,000 – Upstate Salt Shed construction at DOT.*
- * *\$250,000 – Urban Search and Rescue at LLR.*

Legislative/Exec (Merrill)



- ◌* *\$3 million – Home and Community Based Services for seniors through the Lt. Governor’s Office on Aging.*
 - ◌* *\$2 million – Respite Care Services*
- ◌* *\$1.3 million – Capital and deferred maintenance projects for armories throughout the state.*
- ◌* *Invested in efforts at ETV to expand the capacity by which ETV can live-steam committee debate in both the House and the Senate.*
- ◌* *\$100,000 – Election Commission IT security upgrades.*
- ◌* *\$500,000 – Local aviation grants through Aeronautics.*
- ◌* *\$3.9 million – State park capital projects.*
- ◌* *\$1 million – Rural Tourism promotion at PRT.*

Contact Information



- ✦ *Chairman: Brian White*
 - ✦ *Chief of Staff: Beverly Smith*
 - ✦ *Budget Director: Paul Patrick*
 - ✦ *Director of Legislation: Rena Grant*
- ✦ *K-12 Education & Special Schools*
 - ✦ *Chairman: Kenny Bingham;*
Staff: Emily Heatwole
- ✦ *Higher Education*
 - ✦ *Chairman: Chip Limehouse;*
Staff: Blythe Littlefield
- ✦ *Health Care*
 - ✦ *Chairman: Murrell Smith;*
Staff: Tim Rogers
- ✦ *Economic Development & Natural Resources*
 - ✦ *Chairman: Gary Simrill;*
Staff: Daniel Boan
- ✦ *Law Enforcement & Criminal Justice*
 - ✦ *Chairman: Mike Pitts;*
Staff: Katie Owen
- ✦ *Transportation & Regulatory*
 - ✦ *Chairman: Roland Smith;*
Staff: Ryan Burnaugh
- ✦ *Legislative/Executive*
 - ✦ *Chairman: Jimmy Merrill;*
Staff: Kara Brurok
- ✦ *Provisos*
 - ✦ *Chairman: Bill Herbkersman;*
Staff: Paul Patrick



Questions?

Ways and Means Staff will be available this weekend, March 8th-9th to assist with the drafting of amendments or better understanding any section of the budget.

Ways and Means – (803) 734-3144

